

# Finance Committee Report

Annual Town Meeting  
June 2, 2014

# Overview

- ▶ Shirley's current financial state
- ▶ FY15 Budget
- ▶ Future prognosis

# Shirley Financial Status

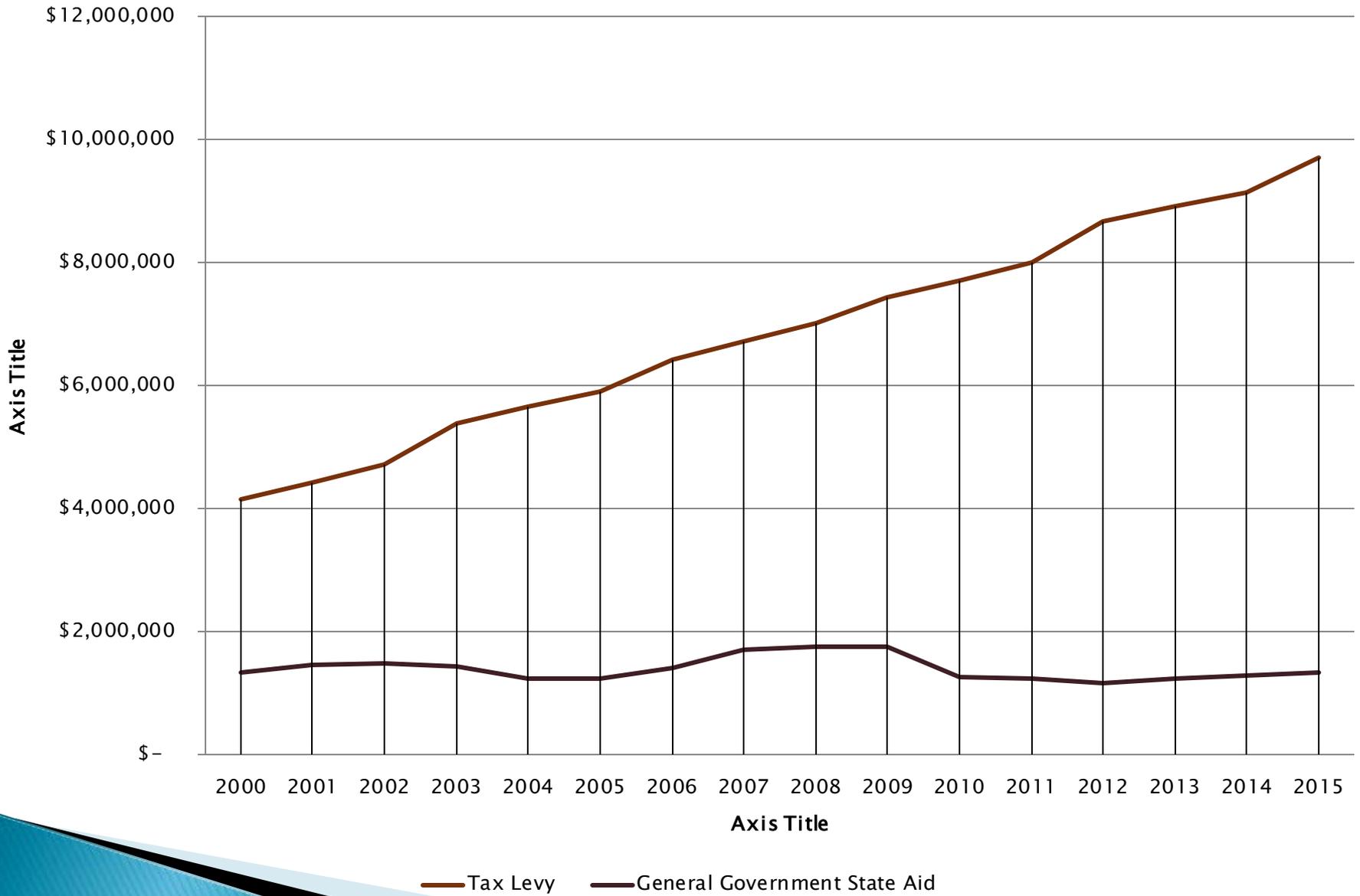
- ▶ Inadequate Revenue
- ▶ Regional School Assessment
- ▶ Non-recurring Revenue Sources

# Inadequate Revenue

- ▶ Impact of Proposition 2 1 / 2
- ▶ Flat State Aid
- ▶ Minimal Rebound in New Growth

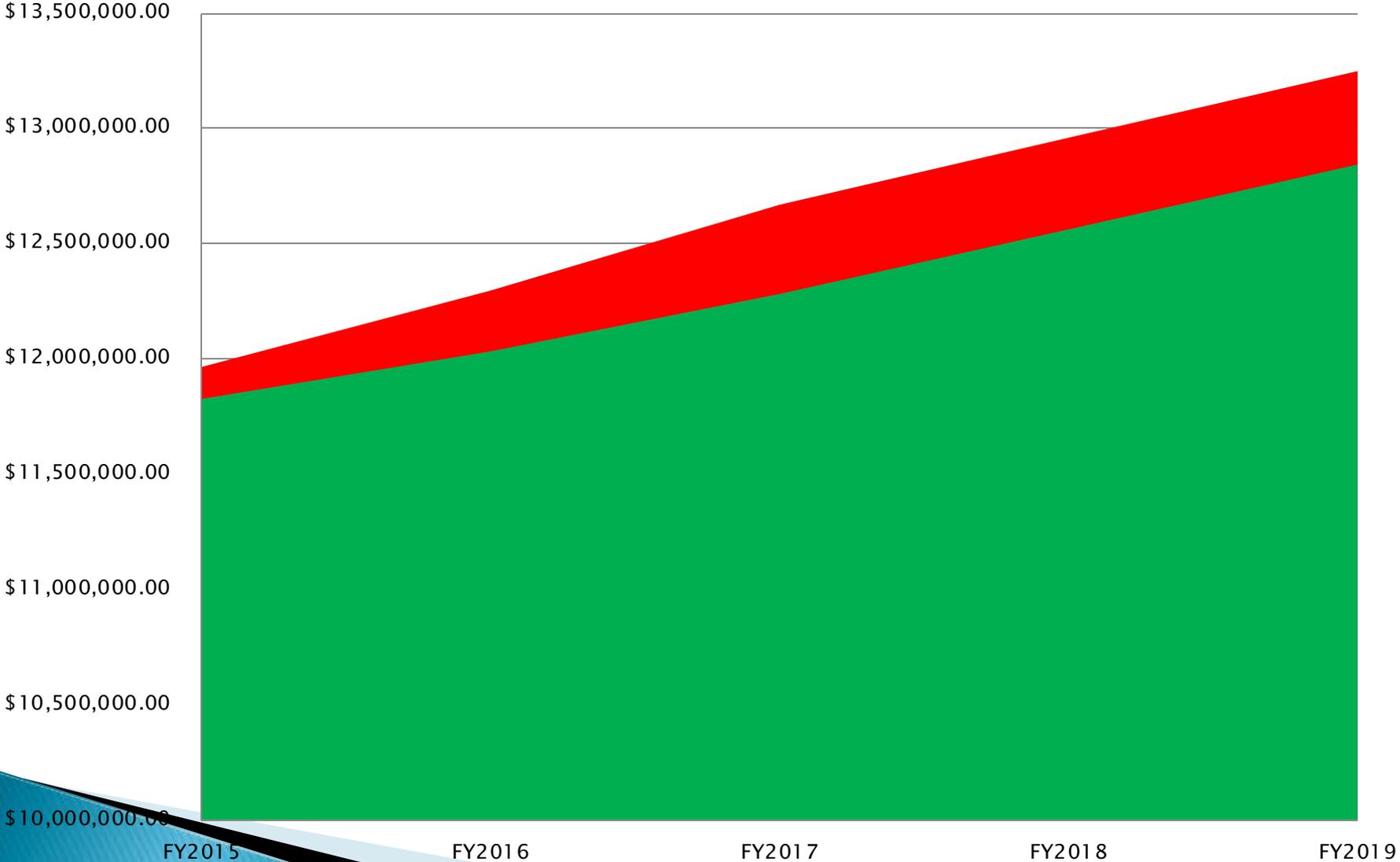
The Net Effect is a Structural Deficit

# Shirley's Tax Levy and General Government State Aid



# Shirley's 5 Year Financial Projection

■ Projected Operating Budget    ■ Projected Available Revenues



# Regional School Assessment

- ▶ Required Local Contribution
  - States determination of Towns required contribution to education (both ASRD and NVTHS)
  - FY15 RLC increased to \$4,659,445
    - an increase of \$144, 041(3.2%) from FY14
  - Shirley is still \$144,586 below State “target”
- ▶ Regional Makeup Amount
  - Net School Spending > RLC
  - Based on student population
  - FY15 is the 3<sup>rd</sup> year of a 5 year make-up
  - Now at 36% (vs 44% target)

# Non-Recurring Revenue Sources

- ▶ MCI impact funds
  - Nice when we receive it (~\$200,000+)
  - Not dependable
    - May not be funded year to year
    - May be delayed or withdrawn
- ▶ Free cash
  - Variable year to year
  - Over last 10 years (-\$108,123) to \$571,396
- ▶ Stabilization fund
  - Should only be used for unexpected circumstances
  - Currently at a lower than recommended level

# Current Budget

- ▶ FY14 Unanticipated Expenses Over Budget
- ▶ FY15 Structural Deficit
- ▶ No Service Level increases
- ▶ Expense Reduction

# FY14 Unanticipated Expenses

Total \$119,419

- ▶ Major Components
  - Snow and Ice  
\$83,282
  - Veteran Benefits  
\$25,614
  - Police Chief Salary  
\$10,523
- ▶ Recommended Resolution
  - Free Cash

# FY15 Operating Budget Deficit Total \$138,000

- ▶ Funded from Free Cash
- ▶ Provides a Regional School District Assessment that is \$192,000 less than the ASRSD Request

# Declined Service Increases

- ▶ Additional Police Officer

# Expense Reductions

- ▶ Job Consolidation
- ▶ Reduction in Hours
- ▶ Health Insurance Costs
- ▶ Performance Contracting

# Prognosis for 2016 and Beyond

- ▶ School Assessment Requirements
- ▶ Inadequate Town Financial Reserves
- ▶ Continued Consolidation of Resources
- ▶ Increase In Recurring Revenue Required

# School Assessment Requirements

- ▶ Normal growth in school budget is expected
- ▶ Regional Makeup
  - Increase in share of NSS > RLC
    - 36% to 40% (~\$100,000 increase per year)
- ▶ Required Local Contribution
- ▶ Potential Future Capital Requirements for Existing Facilities

# Inadequate Town Financial Reserves

- ▶ Low level of Stabilization funds
  - General Stabilization Fund – \$358,601
  - 3.1% of FY14 Operating Budget of \$11,585,293
  
- ▶ Recommended Level
  - 5% – 10% of Operating Budget
  - \$580,000 – \$1,160,000

# Shirley Financial Summary

- ▶ Another Budget Survival Year
- ▶ Continue to Wean off Using Non-recurring Revenues to Fund Recurring Expenses
- ▶ Increased Recurring Revenues Needed to close the annual Structural Deficit